THE LEGISLATIVE ASSEMBLY OF
BRITISH COLUMBIA

ANNUAL REVIEW OF THE BUDGETS OF THE INDEPENDENT OFFICES OF THE LEGISLATIVE ASSEMBLY

SELECT STANDING COMMITTEE ON
FINANCE AND GOVERNMENT SERVICES

SECOND REPORT
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Office of the Clerk of Committees
SELECT STANDING COMMITTEE ON FINANCE AND GOVERNMENT SERVICES

Location:
Room 224, Parliament Buildings
Victoria, British Columbia
V8V 1X4

Telephone: **(250) 356-2933**

Toll free at: **1-877-428-8337**

Fax: **(250) 356-8172**

Email: **ClerkComm@leg.bc.ca**

Internet Homepage:
This report and others are available at our Internet homepage which also contains further information about this and other Select Standing and Special Committees: **www.leg.bc.ca/cmt**

December 20, 2006

To the Honourable
Legislative Assembly of the
Province of British Columbia

Honourable Members:

I have the honour to present herewith the Second Report of the Select Standing Committee on Finance and Government Services.

The Second Report covers the work of the Committee related to its annual review of the budgetary estimates for the independent offices of the Legislative Assembly.

Respectfully submitted on behalf of the Committee,

Blair Lekstrom, MLA
Chair

2007-01588/

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COMPOSITION OF THE COMMITTEE

MEMBERS

Blair Lekstrom, MLA	Chair	Peace River South
Bruce Ralston, MLA	Deputy Chair	Surrey-Whalley
Iain Black, MLA		Port Moody-Westwood
Harry Bloy, MLA		Burquitlam
Randy Hawes, MLA		Maple Ridge-Mission
Dave S. Hayer, MLA		Surrey-Tynehead
John Horgan, MLA		Malahat-Juan de Fuca
Jenny Wai Ching Kwan, MLA		Vancouver-Mount Pleasant
Richard T. Lee, MLA		Burnaby North
Bob Simpson, MLA		Cariboo North

CLERK TO THE COMMITTEE

Craig James, Clerk Assistant and Clerk of Committees

COMMITTEE RESEARCHERS

Josie Schofield, Committee Research Analyst

Simon Gray-Schleihauf, Committee Researcher

TERMS OF REFERENCE

On February 20, 2006, the Legislative Assembly agreed that the Select Standing Committee on Finance and Government Services be empowered:

2. (a) To consider and make recommendations on the annual reports, rolling three-year service plans and budgets of the following statutory officers:

    - Auditor General;
    - Chief Electoral Officer;
    - Conflict of Interest Commissioner;
    - Information and Privacy Commissioner;
    - Ombudsman;
    - Police Complaint Commissioner; and,

    (b) To examine, inquire into and make recommendations with respect to other matters brought to the Committee's attention by any of the Officers listed in 2(a) above.

In addition to the powers previously conferred upon the Select Standing Committee on Finance and Government Services, the committee shall be empowered:

(a) to appoint of their number one or more subcommittees and refer to such subcommittees any of the matters referred to the committee;

(b) to sit during a period in which the House is adjourned and during any sitting of the House;

(c) to adjourn from place to place as may be convenient; and

(d) to retain personnel as required to assist the committee,

and shall report to the House as soon as possible, or following any adjournment or at the next following session, as the case may be, to deposit the original of its reports with the Clerk of the Legislative Assembly during a period of adjournment and upon resumption of the sittings of the House, the Chair shall present all reports to the Legislative Assembly.

On May 18, 2006, the Legislative Assembly further agreed that the Terms of Reference for the Select Standing Committee on Finance and Government Services, as adopted on February 20, 2006 by the Legislative Assembly, be amended in section 2(a) by adding "Representative for Children and Youth" after "Police Complaint Commissioner".

COMMITTEE PROCESS

During the past year, there have been some changes in the personnel heading the independent offices of the Legislative Assembly:

- Ms. Kim S. Carter was appointed Ombudsman, by a unanimous motion of the House, on April 26, 2006.
- Ms. Joy Illington was appointed Merit Commissioner, by a unanimous motion of the House, on May 17, 2006.
- Ms. Mary Ellen Turpel-Lafond was appointed Representative for Children and Youth, by a unanimous motion of the House, on November 27, 2006.
- Mr. Arn van Iersel, CGA, was appointed acting Auditor General by a motion of the Select Standing Committee on Public Accounts on May 31, 2006.

To conduct its sixth annual review of the budgets of the independent offices of the Legislative Assembly, the Finance Committee held three public meetings in Victoria on December 4, 11 and 14, 2006. At each meeting, following the statutory officers' presentations, committee members engaged in deliberations on the content of their report to be presented to the House.

SCHEDULE OF MEETINGS

December 4, 2006	Information and Privacy Commissioner
	Police Complaint Commissioner
	Conflict of Interest Commissioner
	Deliberations
December 11, 2006	Merit Commissioner
	Ombudsman
	Auditor General
	Deliberations
December 14, 2006	Chief Electoral Officer
	Representative for Children and Youth
	Deliberations

Minutes and transcripts of the public meetings, as well as an electronic copy of this report, are available through the Committee's website at: www.leg.bc.ca/cmt/38thparl/session-2/fgs/index.htm.

OFFICE OF THE AUDITOR GENERAL

"Budget package #2 — capitalizing on existing strengths — addresses almost all of our challenges, gaps and opportunities...." (Arn van Iersel, acting Auditor General)

BACKGROUND

The Office of the Auditor General (OAG) is the largest of the independent offices of the Legislative Assembly of British Columbia in terms of both budget and staff. The office's operating budget and capital funding are provided for in Vote 2 of the annual *Estimates*. Last year, the Finance Committee recommended an increase in the OAG operating budget to $8.47 million for 2006/07, and anticipated that its annual capital budget would continue to be $200,000.

Subsequently, Treasury Board added $95,000 to the OAG budget to reflect a public-sector-wide increase to staff benefit levels. This brought the total operating budget included in the 2006/07 *Estimates* to $8.565 million. In anticipation of a second increase of $176,900 to fund the public-sector-negotiated staff salary increases, the OAG adjusted the base figure for the current fiscal year to $8.74 million.

COMMITTEE REVIEW

On December 11, 2006, the Finance Committee met to review the office's business and financial plan. Representing the OAG were Arn van Iersel, the province's acting Auditor General; Errol Price, Deputy Auditor General; Su-Lin Shum, Director, Corporate Planning, Reporting and Communications; and Christine Davison, Director, Finance, Administration and Systems.

2007/08 BUSINESS AND FINANCIAL PLAN

The acting Auditor General began his presentation by announcing that he would be putting forward four budget packages for the Committee's consideration, which are based on a new five-year plan. Next, he outlined the changes to the OAG vision, mission, goals and organizational structure that are all designed to improve the office's effectiveness and efficiency.

Turning to the office's operations, the acting Auditor General described how resources are currently allocated across three lines of business: financial audit (65%), performance audit (30%) and accountability reporting (5%). He also drew the Committee's attention to the comparative data on expenditures and staff level of legislative audit offices across Canada, which illustrate that the OAG is below average on both benchmarks.

The acting Auditor General then identified the current and upcoming challenges facing the office: attracting and retaining quality staff; continuing to comply with new auditing standards; and meeting operational cost increases, especially for contracted professional services.

The gaps and opportunities facing the OAG were also reviewed. Regarding the latter, the acting Auditor General informed the Committee that with a higher budget, the office plans to produce a series of new best-practices guides, and to bolster its resources dedicated to accountability reporting.

Budget Request

The OAG budget request presented to the Committee consisted of four packages that have been developed to address the challenges, gaps and opportunities in how the office can provide credible, relevant and timely information about government and its operations. The acting Auditor General

explained that package #1 — proposing an increase of $1.86 million (or 21%) in the base budget — contains the resources the OAG needs to meet the office's vision for 2011. In contrast, budget package #4 — proposing a lift of $910,000 (or 10%) — would address only immediate challenges and be just enough to be able to carry on.

The acting Auditor General then described the other two packages as viable options that build on the office's work plan. For example, with budget package #2 — proposing a lift of $1.61 million (or 18%) in the base budget — the office would be able to fund the new best-practices guides, but not carry out the plan to do more public sector accountability reporting. The bulk of the increase would fund an additional ten full-time-equivalents (FTEs) and general operational cost increases. The second package also includes capital funding of $160,000 for 2007/08.

MEMBERS' INQUIRY

The committee inquiry focused on: fee-for-service recoveries; comparative benchmarks; and the office's criteria for proposed audits in 2007/08. Members also asked about the cost of printing reports and the number of in-house communications staff.

Fee-for-service Recoveries

The first theme of the committee members' inquiry focused on the recoveries portion of the 2007/08 budget ($2.4 million) that provides revenue for the OAG separate from the annual voted appropriation. Recoveries arise from the office's fee-for-service audit work and are based on direct salary and benefit costs, as well as an overhead allocation that reflects the costs of running the office. Each year, the Finance Committee approves the basis on which the OAG may charge fees for its audit services, pursuant to section 20 of the *Auditor General Act*.

Members had an interest in finding out whether the office set its fees for audit services at market rates or at rates set to recover costs, since the amount of money recovered could have a potential impact on the size of the office's voted appropriation. In response, the acting Auditor General explained that the office is currently recovering 85 percent of its full costs, including overhead, from its clients. From his perspective, the question of whether the office should move to full charge-out rates for its fee-for-service audit work has policy and legal implications that need to be considered. In response, one MLA stated that, in his opinion, the existing legislation does not constrain the OAG from moving to full cost recovery for the audits it performs for public sector organizations.

Comparative Benchmarks

Regarding the comparative data, Members inquired about the relative distribution of the OAG workload vis-à-vis other audit offices across Canada. They learned that performance auditing is a major feature of the workload of the Office of the Auditor General of Canada and in Ontario, and that Alberta and BC are leading the way in accountability reporting. The acting Auditor General then explained why financial statement auditing constitutes an important part of his office's work. The size of the BC government reporting entity is the most inclusive in Canada — covering trusts and public-private partnerships — and the OAG has a more complex mandate than other offices. In a follow-up response, one committee member questioned the appropriateness of the office's work in the area of accountability reporting, especially in the case of Crown corporations that are already reviewed by an all-party select standing committee of the Legislative Assembly.

Audit Criteria

Another topic raised by committee members focused on the criteria used by OAG staff to select the audit priorities listed in Appendix C of the business plan. In response, the acting Auditor General listed the following factors that are considered: level of public interest and sensitivity of topic; magnitude in terms of resources, risk and impact; auditability; government reporting entity coverage; continuity; ministry gaps; corporate governance issues (e.g. review of audit committees); and consistency with the office's legislative mandate. Concerning the first factor, one committee member voiced a concern about the role played by the news media in defining topical issues.

In a follow-up question, the acting Auditor General was asked about the financing of the new forest worker safety audit. He reported that performance audits are normally funded via the voted appropriation to give the OAG maximum credibility and flexibility. However, in this particular case, the Ministry of Forests and the Ministry of Labour have agreed to pay the costs of the audit, since the office received the assignment too late in the year to reallocate work.

CONCLUSIONS

The Finance Committee recognizes the important role played by the OAG in ensuring financial accountability in the province's public sector. After careful consideration of an appropriate funding level for the office, we have decided that budget package #2 delivers the appropriate amount of audit work given the associated costs. From our perspective, this package will provide the OAG with adequate resources during the next fiscal year.

The Committee has also decided to flat-line the operating budget for the two out-years for the following reason. Once the existing vacancy for a new Auditor General is filled, the person appointed by the House may wish to revisit the financial plan proposed for 2008/09 and 2009/10.

RECOMMENDATIONS

The Committee recommends that:

- **the annual appropriation for the operation of the Office of the Auditor General be increased to $10,350,000 in 2007/08;**
- **the Office's annual operating budget be set at $10,350,000 in 2008/09 and in 2009/10, for financial planning purposes;**
- **the Office of the Auditor General receive an annual appropriation of $160,000 for capital expenditures in 2007/08, $150,000 in 2008/09, and $130,000 in 2009/10.**

COMMITTEE DECISION

- **The Auditor General may continue to charge fees, on a cost-recovery basis, that are estimated to be $2,400,000 in fiscal 2007/08.**

OFFICE OF THE CONFLICT OF INTEREST COMMISSIONER

"All I'm here to tell the Committee is that we are in good shape financially. We don't want any more money." (H.A.D. Oliver, QC, Conflict of Interest Commissioner)

BACKGROUND

The Office of the Conflict of Interest Commissioner is the smallest of the independent offices of the Legislative Assembly of British Columbia in terms of both budget and public profile. The office's operating budget is provided for in Vote 3 of the annual *Estimates.* Last year, the Finance Committee recommended that the annual budget for the operation of the office be set at $321,000 for 2006/07 and maintained at that level for the next two fiscal years. Subsequently, Treasury Board adjusted the base figure to $322,000 to incorporate the increase to staff benefit levels.

COMMITTEE REVIEW

On December 4, 2006, the Finance Committee met to review the office's budget proposal for the next three fiscal years. Representing the office was H.A.D. Oliver, QC, the province's Conflict of Interest Commissioner.

BUDGET PROPOSAL, 2007/08 – 2009/10

The Conflict of Interest Commissioner reported that once again, his office is well within budget. Furthermore, he expected this trend to continue, provided that no whiff of scandal precipitates investigative action. He explained that as long as he can continue the practice of "political preventive medicine," his small operation, consisting of two FTEs, could continue to be run at minimal cost to the taxpayer. In response to a follow-up question, the Commissioner indicated that he tried to avoid a costly financial inquiry like the proverbial plague, and that he had been assured by committee members in the past that if the need arises, the money for an inquiry would be found.

The Commissioner then informed Members that this would likely be his last appearance before the Finance Committee, as his tenure was drawing peacefully to a close. He planned to retire when his second term of office ends in November 2007. In response, the Chair thanked Mr. Oliver for the work he has done not only on behalf of the elected officials serving in the Legislative Assembly but also for all British Columbians.

RECOMMENDATION

The Committee recommends that:

- **the annual appropriation for the operation of the Office of the Conflict of Interest Commissioner be $322,000 in each of the next three fiscal years.**

ELECTIONS BC

> *"Elections BC is requesting a modest increase to our base budget. The bulk of this is required to address the impacts of inflation and other external influences over which we have no control. It also reflects the need to slightly expand our core complement of staff."* (Harry Neufeld, Chief Electoral Officer)

BACKGROUND

The operating budget and capital funding for Elections BC are provided for in Vote 4 of the annual *Estimates.* Last year, the Finance Committee recommended that the total budget for the office's operation be $9.448 million for 2006/07, with $6.508 million allocated for ongoing expenses and $2.940 million for 2005 Throne Speech mandated events. It anticipated that the office's ongoing expenses would remain the same for 2007/08 and 2008/09, but that the annual capital budget for 2006/07 ($830,000) would be reviewed this year.

Subsequently, Treasury Board added $37,000 to the Elections BC budget to accommodate an increase in the employee benefit rate. This brought the total operating budget included in the 2006/07 *Estimates* to $9.485 million.

COMMITTEE REVIEW

On December 14, 2006, the Finance Committee met to review the office's budget submission for the next three fiscal years. Representing Elections BC were Harry Neufeld, the province's Chief Electoral Officer; Linda Johnson, Deputy Chief Electoral Officer; and Nola Western, Director of Electoral Finance and Corporate Administration.

BUDGET PROPOSAL FISCAL YEARS 2007/08 – 2009/10

The Chief Electoral Officer began his presentation by explaining that his colleagues in the management team are carrying additional responsibilities due to his work as an electoral boundary commissioner. He then updated the Finance Committee in regard to the event-related funding approved last year. As a result of the Premier's announcement on April 27, 2006 of a shift in the timing of the referendum on electoral reform — to the May 12, 2009 provincial general election — Elections BC is now in a position to return $1.8 million (or some 60%) of the event-related funding provided for this fiscal year.

Funding Request

The funding request of Elections BC presented to the Committee was broken down into three parts. First, for next year, the office is proposing an annual budget for ongoing operating expenses of $7.3 million. The Chief Electoral Officer explained that this lift of $777,700 (or 12%) includes an increase in the office's FTE allocation from 39 to 44 in order to reduce its reliance on temporary staff or contractors, and to tackle the serious issue of workplace stress. Besides the $345,630 for the salaries and benefits of five additional FTEs, the budget lift included $230,149 for costs associated with amortization (depreciation), and an additional $100,000 for voter education programs in partnership with the Legislative Assembly.

Another part of the budget request covers next year's portion of a multi-year, event-related budget. The $1.639 million for 2007/08 covers costs directly associated with preparing for pending electoral events — namely, the legislative frameworks related to the single transferable vote and the electoral reform referendum ($32,500); enumeration plan and preparation ($122,500); electoral boundary redistribution plan ($760,000); and 2009 general election plan and preparation ($724,000).

The Chief Electoral Officer also asked the Committee to approve an annual capital budget of $1.3 million for the upgrading of various systems in preparation for the 2009 general election.

Members' Inquiry

The committee inquiry focused on the recruitment of district electoral officers and issues related to political financing disclosure. Members also asked about the target groups for the voter education programs, the office's actual FTE count and the proposed FTE increase.

District Electoral Officer Recruitment

Members voiced a concern that with the upcoming electoral boundary changes, there could be a lack of experienced district electoral officers (DEOs). They also requested information on the average age of these officials. They learned that Elections BC, when faced with budget constraints in the previous parliament, had developed a profile of the ideal DEO for the purpose of short-listing applicants. The Chief Electoral Officer stated that, in his opinion, the ideal candidate is a recent retiree who still has lots of energy, a good background in administration and the ability to make quick, solid judgements. He then explained that once the proposed electoral boundaries are known (expected mid-August 2007), the office will start to recruit and train district electoral officers, and that their appointments will expire six months following the provincial general election.

Political Financing Disclosure

Another theme of the members' inquiry focused on how Elections BC plans to improve levels of compliance with the electoral financing provisions of the *Election Act*. In response, the Deputy Chief Electoral Officer explained that the problem arises because the volunteer financial agents are not grasping the complex financial reporting rules. The director of electoral finance then informed the Committee that since poor record-keeping accounts for 90 percent of the errors made, the office plans to produce a book-keeping guide to help the financial agents fill out the forms.

Recommendations

The Committee recommends that:

- **the total budget for the operating expenses of Elections BC be $8,961,700 in 2007/08, with $7,322,700 allocated for ongoing expenses and $1,639,000 for event-related funding;**
- **the Office's budget for ongoing operating costs be set at $7,659,200 in 2008/09 and $7,724,900 in 2009/10 for financial planning purposes;**
- **Elections BC receive a capital budget of $1,127,800 in 2007/08, with capital expenditures set at $1,518,100 in 2008/09 and in 2009/10 for financial planning purposes.**

OFFICE OF THE INFORMATION AND PRIVACY COMMISSIONER

> *"I am here to ask the Committee to recommend for approval an increase in the funding for our office that is necessary to enable us to meet the service demands that continue to be placed on us, and also to meet the costs of certain increases that are beyond the control of our office."* (David Loukidelis, Information and Privacy Commissioner)

BACKGROUND

The operating budget and capital funding for the independent Office of the Information and Privacy Commissioner (OIPC) are provided for in Vote 5 of the annual *Estimates.* Last year, the Finance Committee recommended an increase in the OIPC operating budget to $2.477 million for 2006/07. It anticipated that the office's operating expenses would remain the same for 2007/08 and 2008/09, and that its annual capital budget would continue to be $30,000.

Subsequently, Treasury Board added $26,000 to the OIPC budget to account for increased benefit chargeback rates and building occupancy charges that were applied across the entire public service. This brought the total operating budget included in the 2006/07 *Estimates* to $2.503 million.

COMMITTEE REVIEW

On December 4, 2006, the Finance Committee met to review the OIPC budget submission for the next three fiscal years. Representing the office were David Loukidelis, the province's Information and Privacy Commissioner, and Lanny Hubbard, Director of Corporate Services.

BUDGET SUBMISSION, FISCAL YEARS 2007/08 – 2009/10

The Information and Privacy Commissioner began his presentation by stressing that the work done by his office is critical to ensuring accountability and transparency in government at all levels in British Columbia, and in protecting privacy in the BC private sector. He then informed the Committee that at the end of the 2005/06 fiscal year, the OIPC faced a backlog of 152 files — the second in a row, and only the second in the office's history.

Turning to the current year, the Commissioner provided an overview of the office's operations in its three core business areas. First, he reviewed the activities related to enforcing the province's public sector access and privacy law, the *Freedom of Information and Protection of Privacy Act*, which applies to over 2,000 public bodies. The Commissioner reported that in the first ten months of 2006, the office had opened 1,420 files, including 778 formal appeals and complaints files.

In addition to routine work, the OIPC has produced two in-depth public investigation reports dealing with major privacy breaches, as well as a detailed public report on local governments' surveillance bylaws. In addition, the office has instituted a new expedited process to deal with "deemed refusals" — i.e., failures by public bodies to respond to access-to-information requests within the legislated time frames.

Next, he reported on the office's work regarding the broad private sector law, *the Personal Information Protection Act*. This involves overseeing the privacy practices of some 380,000 private sector organizations in British Columbia to ensure compliance with the Act. The Commissioner reported that the workload is increasing as the Act becomes better known, with 403 new files opened in the first ten months of this calendar year.

The third core area of business relates to the *Lobbyists Registration Act.* The office administers the on-line lobbyists' registry, which uses a computer system maintained by the Ministry of Attorney General (MAG). The Committee learned of the plan to transfer responsibility to the OIPC for the management, maintenance and enhancements of the computer system and website on April 1, 2007.

Funding Request

Turning to the OIPC funding request, the Commissioner asked the Committee to consider a $509,000 increase in the 2007/08 operating budget (to $3.012 million) to enable the office to fulfil its statutory obligations. For the following two fiscal years, the funding requested on the operational side is anticipated to be slightly lower ($2.987 million).

Regarding the $509,000 increase for 2007/08, the Commissioner explained that the office plans to spend almost half ($245,000) on hiring three additional FTEs — two portfolio officers and one adjudicator — to deal with the growing backlog of cases, and to support core services under the laws governing access and privacy rights. Additional resources were also requested for other ongoing operating expenses. These included $84,000 for salary increases beyond the OIPC control — namely, the across-the-board salary increase for the provincial public sector, and a statutory increase in the Commissioner's salary and associated benefits. Also factored into the funding request are accommodation charges of $23,000, and one-time funding of $25,000 for co-hosting a two-day Asia Pacific seminar on privacy rights in September 2007.

The funding request also included an additional $100,000 in next year's operating budget, and an increase in the annual capital budget (to $60,000), including one-time funding of $25,000 to enable the OIPC to assume responsibility for the lobbyists' registration computer system, which will continue to be run on the MAG hardware.

MEMBERS' INQUIRY

The committee inquiry focused on the OIPC request for additional resources and the financial impact of potential legislative amendments. Members also asked about: the proportion of "discouraged requesters;" the office's FTE complement and staff retention challenge; the criteria for prioritizing complaints, the identity of the top three public bodies in terms of complaints, and the percentage of complaints dismissed; the existing fee structure and the desirability of charging fees for the office's services; the office's communication resources; the nature of recoveries listed in the budget details; the percentage of unsuccessful appeals; and the use of administrative penalties.

Additional Resources

Members acknowledged that the backlog of cases and the high average caseload for portfolio officers could affect the office's capacity to meet its statutory obligations. They asked what the impact would be of increasing the staff complement by two rather than three FTEs. The Commissioner stated that it would be an improvement on the existing situation but clearly not an ideal solution.

Members also requested clarification regarding the estimated cost for the OIPC of assuming responsibility for the computer system for the on-line lobbyists' registry. They learned that during the current fiscal year, the MAG estimates it will spend $20,000 on maintenance and enhancements. However, the OIPC anticipates that the transfer of responsibility will require an ongoing systems maintenance contract, provision for business analysis and further enhancements of the system. The estimate of $100,000 was described as "a conservative one," and the additional capital funding ($25,000) as a contingency in case of major hardware or software changes.

Impact of Legislative Amendments

Another theme of the members' inquiry focused on whether the OIPC has anticipated the cost implications of the government acting upon the recommendations of the all-party Special Committee to Review the Freedom of Information and Protection of Privacy Act, which tabled its report in May 2004.

In response, the Commissioner stated that the implementation of the recommendations would not have any material impact on the resources his office would require in the future. He pointed out that the Special Committee's recommendations focused on fine-tuning the legislation, rather than on expanding the scope of the office's jurisdiction or the kinds of records reviewed. However, if the government decided to proceed with full implementation of routine disclosure, the Commissioner anticipated that there could be a reduction in the demand for OIPC services in the medium term.

Some Members also brought up the topic of the sensitivity ratings process used by government to classify freedom-of-information requests. At the end of the discussion, the Chair updated committee members about the new complexity ratings process, adding that this is in line with the first recommendation of the Special Committee which he had chaired.

CONCLUSIONS

The Finance Committee is sympathetic to the OIPC request for additional staff resources to handle the increasing demands for the office's core services — especially since the OIPC qualifies as a "lean organization," compared to its counterparts in Alberta and Ontario. After careful consideration, we have concluded that one permanent FTE and two additional limited-term contract positions will enhance the office's capacity to meet its statutory obligations.

In addition, the Committee is prepared to assist in facilitating the transfer of the lobbyist registry computer system to the OIPC. In the absence of a detailed breakdown of anticipated operational costs, we have decided to base our recommendation on information obtained from the Ministry of Attorney General that estimates total expenditure at $30,500 (including $10,500 on staff time). We have also made provision in our first recommendation for the office to do a business analysis.

RECOMMENDATIONS

The Committee recommends that:

- **the annual appropriation for the operation of the Office of the Information and Privacy Commissioner be increased to $2,952,000 in 2007/08;**
- **the Office's annual operating budget be set at $2,927,000 in 2008/09 and in 2009/10 for financial planning purposes;**
- **the Office of the Information and Privacy Commissioner receive an annual capital budget of $60,000 in 2007/08, and then $35,000 in each of the next two fiscal years.**

OFFICE OF THE MERIT COMMISSIONER

"My submission to the Committee is brief and economical. I am making a small request for $50,000 in additional funds for the coming fiscal year. At this time, I am not proposing any further increases over the rest of my term." (Joy Illington, Merit Commissioner)

BACKGROUND

Amendments to the *Public Service Act* made in November 2005 established the Merit Commissioner as a fully independent officer of the Legislative Assembly — the first in Canada and in the Commonwealth. Prior to the current fiscal year, the position of Merit Commissioner was filled by the head of the Public Service Agency and the budget was provided within the estimates for that agency. In 2006/07, a separate vote was established in the annual *Estimates* in anticipation of the office moving to full independent status.

The operating budget and capital funding for the OMC are provided for in Vote 6 of the annual *Estimates.* In 2006/07, the office's start-up year, the voted appropriation is $783,000 for operating expenses and $164,000 for capital expenditures, with the staffing allocation set at four FTEs.

COMMITTEE REVIEW

On December 11, 2006, the Finance Committee met to review the budget submission of the Office of the Merit Commissioner for the next three fiscal years. Representing the office were Joy Illington, the province's new Merit Commissioner, and Lanny Hubbard, Director of Corporate Services.

BUDGET SUBMISSION FISCAL 2007/08 – 2009/10

The Merit Commissioner began her presentation by informing the Finance Committee that the OMC has been given a realistic operating budget this year that has allowed her to establish a working office, consisting of two staff originally seconded from the Public Service Agency and a performance auditor yet to be hired. Also facilitating the quick start up is the effective and thrifty shared-services arrangement with the Office of the Ombudsman. As a result, she was requesting only a modest $50,000 increase in the 2007/08 operating budget to purchase a customized case-tracker system from the Ombudsman's office. The Commissioner also reported that the OMC capital budget would be reduced next year by $139,000.

Since this was her first appearance before the Committee, the Commissioner outlined the office's mandate — to exercise oversight of the merit principle in appointments to and within the BC public service, which is facing the challenges of looming retirements and a workforce shortage. She then reviewed the office's priorities for 2006/07. Since she had inherited a small backlog on taking office in June 2006, the first priorities were to tackle the requests for review and complete the 2005 random audit of appointments. The graphs on page 7 of the budget submission show the number of appointments subject to audits since 2001, as well as "a very small sample" of audit results.

The Commissioner then informed committee members of the four key changes planned for OMC operations: conducting robust annual audits and special audits to establish baselines and trends; completing bargaining-unit-position reviews within 30 days; taking follow-up action on all non-meritorious findings; and interacting with key stakeholders on the day-to-day application of the merit principle in the workplace. Regarding this fourth change, the findings of the 2006 work

environment survey conducted by the BC Public Service Agency indicate that one-third of employees do not perceive that the merit principle is being applied in their work unit.

MEMBERS' INQUIRY

The committee inquiry focused on the results of the 2006 work environment survey; the recruitment challenge, and the office's budget. Members also asked about the BC public service statistics, the start date for appointment trends, and the exemptions from the office's jurisdiction.

2006 Work Environment Survey

Members expressed concern about the low confidence levels among the public servants participating in the 2006 survey and wondered whether these reflected an increase in order-in-council appointments and/or direct appointments without competition over the past few years. They learned that the OMC does not have jurisdiction over order-in-council appointments, or auxiliaries, or temporary appointments less than seven months. The Commissioner then reported that she has no evidence, only anecdotal stories, about why employees feel the merit principle is not being applied. In response to a follow-up question, she reiterated her intention to conduct investigations of non-meritorious appointments.

Recruitment Challenge

Another theme of the committee inquiry focused on how the merit principle operates in the current competitive environment for recruiting staff. The Commissioner responded by stating that the new corporate human resource plan of the BC Public Service Agency reflects some of that reality. It talks about creating more entry level positions as "a greenhouse" for future capacity. In other words, the intention is to give new recruits a thorough orientation and put them on an accelerated fast track as a way to do succession planning.

Office Budget

Some committee members asked about the changes between the start-up year's operating budget and the 2007/08 estimates of expenditure listed in Appendix A of the submission. In response, the Commissioner explained that staff salaries (STOB 50) will increase by $96,000 as she plans to hire one FTE. Regarding her own salary (STOB 54), the $97,000 reduction stems from the fact that she is working part-time and on a per-diem basis, which is a perfectly satisfactory arrangement from her point of view. Other changes also reflect the difference between what someone thought theoretically the office expenses would be and what the office is actually spending, now that it is operational.

RECOMMENDATIONS

The Committee recommends that:

- **the annual appropriation for the operation of the Office of the Merit Commissioner be increased to $833,000 in 2007/08;**
- **the Office's annual operating budget be $813,000 in 2008/09 and in 2009/10;**
- **the Office of the Merit Commissioner receive an annual capital budget of $25,000 in each of the next three fiscal years.**

OFFICE OF THE OMBUDSMAN

"What I am asking the Committee to do is make a recommendation to fund both parts of the office's mandate." (Kim Carter, Ombudsman)

BACKGROUND

The operating budget and capital funding for the independent Office of the Ombudsman are provided for in Vote 7 of the annual *Estimates*. Last year, the Finance Committee recommended an increase in the office's 2006/07 operating budget to $3.693 million, including $189,000 to hire two additional investigators for one year. It anticipated that the office's annual capital budget would continue to be $65,000.

Subsequently, Treasury Board added $43,000 to the operating budget to account for increased benefit chargeback rates and building occupancy charges that were applied across the entire public service. This brought the total budget included in the 2006/07 *Estimates* to $3.736 million.

COMMITTEE REVIEW

On December 11, 2006, the Finance Committee met to review the budget submission of the Office of the Ombudsman for the next three fiscal years. Representing the office were Kim Carter, the province's new Ombudsman, and Lanny Hubbard, Director of Corporate Services.

BUDGET SUBMISSION FISCAL 2008 – 2010

The Ombudsman began her presentation by describing her office as "British Columbia's independent voice for fairness." She explained that its mandate is to work to ensure that every person in the province is treated fairly by the 2,800 public authorities falling under the office's jurisdiction. The office does this by resolving individual complaints and conducting systemic investigations into problem areas, and both parts of its mandate need to be funded.

Next, the Ombudsman described how the office is organized. The main office is in Victoria, with telecommuters in Vancouver and now also in Victoria. The complaints analysts comprise the intake team, and the two teams of investigators divide the workload between social and regulatory programs. This year, the office will deal with some 6,500 inquiries and complaints. While there are fewer inquiries and complaints than last year, the number of complex investigations is increasing.

The Ombudsman then identified the four priorities of the office during 2007/08: to increase the public's understanding of the role of the office and accessibility to its services so it helps more claimants; to develop partnerships with stakeholders to more effectively deliver services; to improve dispute resolution processes so the office deals with the most serious and difficult complaints; and to conduct systemic investigations and produce reports providing guidance to the range of authorities.

For 2007/08, the Ombudsman's specific goals are: to increase outreach and communication; to make the office's services more accessible; to work with stakeholders to improve the internal resolution of complaints by the agencies that fall under the office's jurisdiction; and to publish useful, timely systemic reports. To illustrate the impact that systemic reports can have, she cited four examples where the Ombudsman's recommendations were mostly implemented — the investigation of Forest Renewal BC, the review of the province's youth custody centres, the administrative review of the *Residential Tenancy Act*, and the report on pesticide regulation.

Funding Request

To achieve the goals, the Ombudsman requested an operating budget of $4.445 million for 2007/08. The increase of $709,000 (19%) includes $148,000 for salary increases outside the control of the office, and $458,000 for the salaries and benefits of six additional FTEs.

Before presenting the case for additional staff, the Ombudsman asked the Committee to confirm the funding for the two investigators that were appointed last year to deal with the backlog in complaints regarding professional associations and local government. The Ombudsman then provided a breakdown of the request for additional staff. The office needs three FTEs ($270,000) to conduct systemic investigations; a communications officer ($61,000); one FTE position to be split among at least three students; and a complaints analyst (0.8 FTE) and a case-tracker position (0.2 FTE).

Also contained in the funding request is a higher capital budget ($110,000) for the next fiscal year to improve information technology capabilities.

MEMBERS' INQUIRY

The committee inquiry focused on the Ombudsman's request for additional resources and the office caseload. Members also asked about the office's FTE count; the proportion of frequent complainants; and the jurisdictional status of the BC Securities Commission, the Financial Institutions Commission and the Northern Development Initiative Trust.

Additional Resources

Some committee members were not convinced of the need for an independent office of the Legislative Assembly to have a full-time communications officer and asked for clarification on the purpose of this new position. In response, the Ombudsman suggested that her office does a different kind of work than the Office of the Information and Privacy Commissioner or the Office of the Police Complaint Commissioner. As a result, often people do not understand that the office provides an opportunity to resolve complaints related to administrative unfairness. Besides outreach, the plan is to use the new officer to make the office's print materials more interesting and readable.

In a series of follow-up questions, it was established that the Office of the Ombudsman utilizes the services of the government's Public Affairs Bureau solely for a professional critique of the style of news releases. In addition, the Ombudsman clarified that she would be the office's spokesperson on most issues, with the new officer serving mainly as the point of contact for the news media.

Office Caseload

Another line of questioning focused on the impact of this year's budget increase on the office's capacity to provide the full range of services. The Ombudsman responded by stating that she anticipated that this backlog will be cleared by the end of the current fiscal year, but the positions would still be needed to deal with the increase in complex investigations. She also reiterated the need for additional investigators to conduct systemic investigations.

Some committee members also asked the Ombudsman to elaborate on the proposed topics for systemic investigations. In response, she suggested a program transition checklist to ensure that groups are not left out inadvertently, a review of municipal incentive programs for developers, and an analysis of the trend away from regulation to discretion and guidelines.

Members also asked about the statistics cited on page 46 of the *2005 Annual Report* relating to Workers' Compensation Board files closed in 2005. They learned that the Office of the Ombudsman was involved to ensure fairness of the process.

Conclusions

The Committee believes that the Office of the Ombudsman could benefit from some additional staff resources to carry out its dual mandate. Accordingly, we confirm ongoing funding for the positions of the two investigators hired last year. After careful consideration of the request for additional staff, we have concluded that two new positions for systemic investigations and one FTE for student placements are sufficient to meet the office's needs for the foreseeable future.

Recommendations

The Committee recommends that:

- **the annual appropriation for the operation of the Office of the Ombudsman be increased to $4,214,000 in each of the next three fiscal years;**
- **the Office of the Ombudsman receive an annual appropriation of $110,000 for capital expenditures in 2007/08, and then $65,000 in each of the next two fiscal years.**

OFFICE OF THE POLICE COMPLAINT COMMISSIONER

"Until the report by Josiah Wood is released, I can only realistically present a budget proposal based on the status quo." (Dirk Ryneveld, Police Complaint Commissioner)

BACKGROUND

The operating budget and capital funding for the independent Office of the Police Complaint Commissioner (OPCC) are provided for in Vote 8 of the annual *Estimates.* Last year, the Finance Committee recommended an increase in the OPCC operating budget to $1.422 million for 2006/07. It anticipated that the office's operating expenses would remain the same for 2007/08 and 2008/09, and that its annual capital budget would continue to be $25,000.

Subsequently, Treasury Board added $12,000 to the OPCC budget to account for increased benefit chargeback rates and building occupancy charges that were applied across the entire public service. This brought the total operating budget included in the 2006/07 *Estimates* to $1.434 million.

COMMITTEE REVIEW

On December 4, 2006, the Finance Committee met to review the OPCC budget submission for the next three fiscal years. Representing the office were Dirk Ryneveld, QC, the province's Police Complaint Commissioner, and Lanny Hubbard, Director of Corporate Services.

BUDGET SUBMISSION, FISCAL 2008 – 2010

The Police Complaint Commissioner began his presentation by stating that the OPCC funding request represented essentially "a status-quo budget" in anticipation that the long-awaited report of Josiah Wood, QC, on the police complaints review will have a significant impact on his office's resource requirements. In the event that the Commissioner's White Paper and Green Paper have persuaded Mr. Wood of the need for legislative reform, and if his recommendations are actually implemented, at that point the Commissioner would present to the Finance Committee an assessment as to what those changes, if any, would mean in terms of a budgetary impact.

The Commissioner then requested that the present funding level be maintained, with only a minimal lift (to $1.532 million) to reflect anticipated increased costs for core services. These increases are for items the office does not have any control over — such as salaries and benefits ($72,000), building occupancy charges ($6,000), and amortization expenses ($10,000).

Despite having the busiest year on record — with 477 complaints filed to date — the Commissioner reported that the OPCC is unlikely to spend all the appropriation for the current fiscal year. He also indicated that he would like to maintain some moneys — in particular, the $50,000 (originally approved in December 2004) for the mediation project and the $50,000 (approved last year) for outreach and translation initiatives.

In his capacity as the-then President of the Canadian Association of Civilian Oversight of Law Enforcement (CACOLE), the Commissioner updated committee members on the successful CACOLE conference held in Vancouver in October 2006. This event was attended by 160 representatives from over 20 different countries, and provided a training opportunity for OPCC staff. Since the Commissioner is now the CACOLE liaison for the international group, he requested a continuation of last year's discretionary funding of $15,000 to assist in the creation of an international network of policing oversight agencies.

MEMBERS' INQUIRY

The committee inquiry focused on Josiah Wood's police complaints review and the scope of the office's mandate. Members also asked about the efficacy of the RCMP complaints procedure, the results of the office's new outreach and translation services; and for a country-of-origin breakdown of CACOLE conference delegates.

Police Complaints Review

Members asked the Commissioner to provide more detailed information on the police complaints review being conducted by former judge Josiah Wood, QC. They were particularly interested in the potential impact of his findings on the OPCC budget. In his response, the Commissioner explained that as a result of his external investigation into the complaint of the Pivot Legal Society, he had approached the government and asked for an audit to be conducted by a retired judge.

Subsequently, on August 11, 2005, the Solicitor General appointed Josiah Wood to investigate the complaint process outlined in the *Police Act*. The final report on the way public complaints against police are handled was originally scheduled to be presented on March 15, 2006. Its release, however, has been delayed due to the wide scope of the inquiry, which the OPCC participated in, and the report is expected any day now.

As the Commissioner has been calling for amendments to the police oversight process since he took office on February 13, 2003, he favours speedy implementation of Mr. Wood's recommendations. Unless there are some surprises, he is hoping for legislative action during the spring session but realistically accepts that reform of the police complaints process may not occur until next fall. In any event, he predicted that there will undoubtedly be a significant impact on his office's budget.

OPCC Mandate

Some Members wondered whether the OPCC mandate permitted a more proactive approach to human resource issues affecting police forces, such as the lack of experienced mentors for young police officers. They learned from the Commissioner that he is constrained by the complaint-driven mandate of his office, and that the Solicitor General is in charge of policing and such matters as staffing and resources. In response to a follow-up question, the Commissioner reported that the Greater Vancouver Transit Authority Police Service falls under the office's jurisdiction, whereas private security guards and provincial conservation officers do not.

RECOMMENDATIONS

The Committee recommends that:

- **the annual appropriation for the operation of the Office of the Police Complaint Commissioner be increased to $1,532,000 in each of the next three fiscal years;**
- **the Office of the Police Complaint Commissioner continue to receive an annual capital budget of $25,000 in each of the next three fiscal years.**

OFFICE OF THE REPRESENTATIVE FOR CHILDREN AND YOUTH

"This is the first budget for the office of the Representative for Children and Youth, and it is intended to provide funding to allow the Representative to discharge the duties set out under the Act." (Allan Seckel, Deputy Attorney General)

BACKGROUND

In response to the recommendations of the Hughes report, legislation repealing the child-and-youth-officer position and establishing a new independent position of the Representative for Children and Youth was passed by the Legislature on May 18, 2006. Subsequently, on November 27, 2006, the House accepted the unanimous recommendation of a special parliamentary committee to appoint Mary Ellen Turpel-Lafond as the Representative.

In addition, since last spring, a transition team has been making the administrative arrangements to establish the new office, including the preparation of the office's first budget.

COMMITTEE REVIEW

On December 14, 2006, the Finance Committee met to review the first budget submission for the new Office of the Representative for Children and Youth (ORYC). Representing the office were Mary-Ellen Turpel-Lafond, the province's new Representative for Children and Youth and Allan Seckel, the Deputy Attorney General in charge of the transition team.

BUDGET SUBMISSION FISCAL 2008 – 2010

The Deputy Attorney General informed the Committee that fortunately, the Representative has had the opportunity to give "some input" into the funding request prior to starting her duties officially on February 1, 2007. He also noted that the effective date for full operations of the new ORYC will be April 1, 2007, and that once it is fully operational, the activities of the office of the child and youth officer within his ministry would be wound up.

The Deputy Attorney General then reported that since some of the Representative's functions are currently carried out by the office of the child and youth officer, its existing budget of $2.268 million has been used as the base figure for developing the best estimate of what is required by the ORYC for the first year. Using this figure as a reasonable starting point, the transition team then made provision for the additional functions of the Representative, by adding ten FTEs and providing for regional services.

The funding request totals $4.8 million, including $3.05 million for salary and benefit costs for 30 FTEs. As there is no base budget for capital in the existing allocation for the child and youth officer, the transition team has made provision for new capital requirements ($580,000) for a new regional office in Prince George and the relocation of the Vancouver office.

The Representative then outlined why the additional resources are needed to fulfil her statutory duties. First, she plans to do more effective advocacy, by establishing a regional office and presence in the northern part of the province with a focus on the needs of aboriginal children and their communities. Secondly, additional capacity is needed to monitor, audit and review statutory services for children and youth. Thirdly, there is also the need to build an effective multidisciplinary team in order to review and investigate critical injuries or deaths of children.

Members' Inquiry

Before fielding members' questions, the Chair offered the Representative the opportunity to approach the Committee if she encounters problems with the initial budget during the start-up year. Individual committee members then asked about the plans for the Prince George and Vancouver offices, the recruitment of qualified staff, and the legal-services expenditure item; and one MLA also commented on the speculative tone of the first budget.

Recommendations

The Committee recommends that:

- **the annual appropriation for the base operating budget of the Office of the Child and Youth Representative be $4,815,000 in 2007/08, $4,770,000 in 2008/09, and $4,841,000 in 2009/10;**
- **the Office of the Child and Youth Representative receive a start-up capital budget of $580,000 in 2007/08 and then an annual capital budget of $20,000 in each of the next two fiscal years.**

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